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## *Green index to regulate and foster green financing*

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## **Abstract:**

We have been warned of climate change and global warming by various scientists worldwide, and the development has continued at an unprecedented pace. The Global Risks Report 2022 published by the World Economic Forum highlights the risk associated with environmental degradation they are Extreme weather, Climate action failure, Biodiversity loss and Pollution harms to human health. The India Meteorological Department (IMD) has reported that India has been the warmest since 1990, the rise in average temperatures could have a cascading effect on extreme weather events, crop patterns and urban disaster management. India recorded 756 instances of natural disasters like landslides, storms, earthquakes, floods, droughts etc. Thus, the need of the hour is sustainable development and not just development. We need to act to develop an environment-friendly ecosystem. Corporate Social responsibility activities are not enough to ensure sustainable growth. It's time to develop green index, which will measure the green and sustainability practices of an organization. Although green banks and green bonds are fostering suitable development and renewable resources, we find that the finance is flowing unabated to the development projects irrespective of their environmental impact or the carbon footprint. Prime Minister Narendra Modi has promised in Glasgow COP26 that India's non-fossil energy capacity will reach 500 GW by 2030; India will transition to net zero emissions by 2070. Carbon neutrality can be achieved by Restricting the flow of finance to the non-compliance of green and encouraging the flow of finance to Renewable energy. This research paper aims at developing a Green Index based on which the flow of finance is regulated at the Banks and Capital Markets. The green index can be based on Clean Transportation, Improved land usage, efficient waste management, water usage, and Green Buildings. The same parameters would be applicable to all types of industries. Even urban development, industrial development, and rural development can use the same parameters to achieve Carbon Neutrality.

## **Keywords:**

Green Index, green finance, sustainable development, green financing, banks